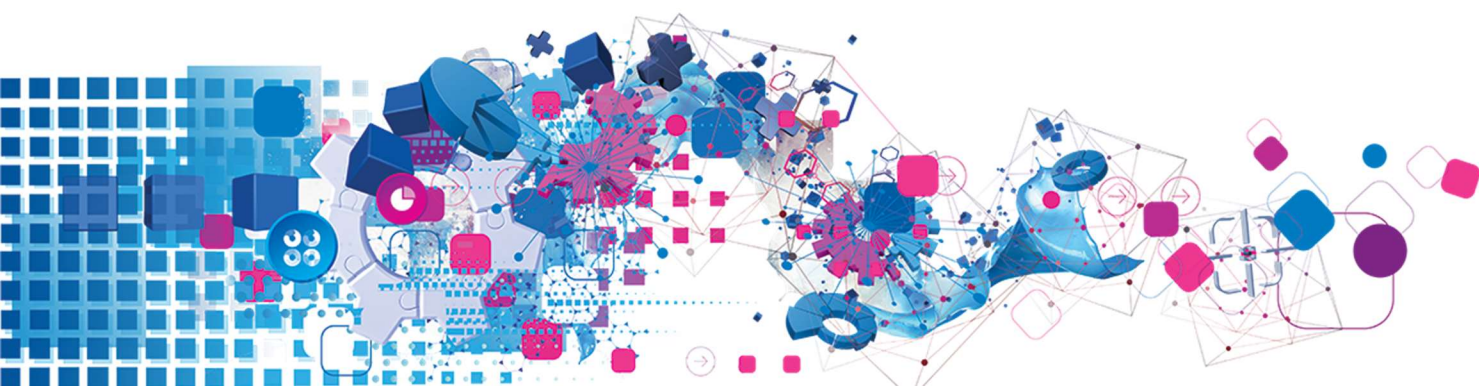




# Experian plc International Sharesave

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Employee Guide - France



The purpose of this note is to provide you with a general overview of the personal tax treatment of options under the Experian International Sharesave (the “Plan”). This information is for guidance only and may differ according to your personal circumstances. The overview is based on the tax law and practice as at March 2020 and may be subject to change.

This document assumes that you are an employee of the French entity of Experian and that you are resident and domiciled in France, for taxation purposes, from the date you were granted the options to the date you exercised the options and the shares are sold.

**This information describes the tax and social security treatment for options granted under the French Addendum to the Experian International Sharesave Plan (i.e. for options treated as qualifying for French tax purposes).**

**If you have any doubts or any concerns about your particular tax position you should contact an independent tax advisor.**

## Summary of tax treatment

	Options	Interest
When is the tax point?	Exercise and Sale	Payment
Will I have to pay income tax?	Yes	Yes, you will have to pay income tax via your annual return.
Does a social security liability arise?	Yes	Yes
Are there any reporting requirements for my employer?	Yes	No
Are there any reporting requirements for me?	Yes	Yes

## Employee actions

	Action required	Due date
Annual tax return	You are required to report all taxable amounts in your annual income tax return for the year in which the relevant taxable event takes place. Your annual tax return should be submitted to the French tax authorities.	Normally due to be filed with the French tax authorities between mid-May and mid-June following the end of the tax year in which the taxable event occurred.
Payment of tax	You are required to pay income tax on your option gain as well as any income tax and surcharges on any interest you earn on your savings and on any capital gains (on sale) via your annual tax return.	You will receive a tax assessment notice from the tax authorities, detailing how and when any taxes payable directly by you should be paid.
Form 3916	You are required to report any cash you hold in a savings account outside of France; and any Experian shares you hold following exercise in a share account outside of France.	By the same filing date that is applicable to your annual tax return

# 1. Tax implications

## Share options

### 1.1 Will I have to pay income tax when I am granted an option?

No, there is no income tax or social security liability at the time that you are granted an option.

### 1.2 Will I have to pay tax when my option vests, at the end of the savings period?

No, there is no income tax or social security liability relating to the option at the time your option vests.

### 1.3 Will I have to pay tax if I choose not to exercise my option?

Yes, any interest that you receive on your savings will be subject to income tax at a flat rate of 12.8% for the tax year ending 31 December 2020. However, you can make an election, through your annual tax return, for all your investment income (including any interest) to be taxed at your marginal rate of tax if this is more favourable. Please note that if you make this election, it will apply to all types of investment income (i.e. it is not possible to combine the application of the flat tax regime on certain investment income with the application of progressive tax rates on other investment income).

An additional fixed levy ("High Income Contribution") may also be payable, if your income exceeds the relevant threshold.

Social surtaxes are also payable on any interest received, at a rate of 17.2% for the tax year ending 31 December 2020 (please note that if you have made an election for your investment income to be taxed at your marginal rate of tax, a proportion of these surtaxes will be deductible for income tax purposes).

### 1.4 Will I have to pay tax if I choose to exercise my option?

Yes, you will have to pay tax on the "excess discounted portion" of your option gain and on any interest you receive. Your employer will not withhold income tax amount from you, it is your responsibility to pay income tax.

#### Excess discounted portion of your option gain

Income tax will be payable at your marginal rate when you exercise your option. The taxable amount is calculated with reference to the exercise price you pay compared to the share price at grant of the option. Any difference above 5% (i.e. the "excess discounted portion") is taxable at exercise. This amount should be included in your yearly net taxable income, as calculated by your employer.

For example, if the fair market value of an Experian share on the date of grant of your option was £10, and the exercise price is £8, your option has a discount of 20%. As your discount exceeds 5%, income tax would be due at exercise on the excess discounted portion of £1.50 (i.e. £10 x 15%) per share.

### 1.5 Will I have to pay social security on my option?

Social security contributions at your applicable rate are also payable on the taxable amount (i.e. on the excess discounted portion). Your employer is required to withhold your social security contributions payable at exercise.

Some elements of social security contributions are deductible when calculating the income tax due.

You may also be subject to the additional fixed levy on the excess discounted portion, depending on your income level.

### 1.6. Will I have to pay tax if I sell my shares?

#### Option gain

Income tax (at your marginal rate) and the additional fixed levy (if applicable, see above) are due at sale on the option gain i.e. the difference between the market value of the shares at the date of exercise and the option exercise price, (excluding the excess discounted portion which was taxed at exercise).

Additional surtaxes at a rate of 9.7% and a specific social tax at a rate of 10% are also payable on your option gain at exercise when you sell your shares. A proportion of the additional surtaxes are deductible for income tax purposes in the following tax year. An additional fixed levy ("High Income Contribution") may also be payable, if your income exceeds the relevant threshold.

#### Capital gain

Any gain realised on the sale of your shares will also be taxable. The taxable capital gain is the sale proceeds less any amounts previously subject to income tax, the exercise price paid and any sale costs.

French income tax on the capital gain will be payable at a flat rate of 12.8% for the tax year ending 31 December 2020 (unless you have made an election, through your annual tax return, for all your investment income to be taxed at your marginal rate of tax).

The additional fixed levy may also be payable on any capital gain, if your income exceeds the relevant threshold.

Social surtaxes are also payable on your capital gain, at a rate of 17.2% for the tax year ending 31 December 2019 (please note that if you have made an election for your investment income to be taxed at your marginal rate of tax, a proportion of these surtaxes will be deductible for income tax purposes).

Please note that if you are selling any Experian shares that you had acquired on or before 31 December 2017, taper relief may be available to reduce the capital gain (this will depend on how long you held the shares for before sale, and whether you are electing to be taxed at progressive rates). Taper relief is not available if you are selling shares acquired after 1 January 2018.

You will be required to pay any income tax, additional / social surtaxes and any additional fixed levy due on the sale of your shares directly to the tax authorities through your annual tax return. You will receive a tax assessment notice from the tax authorities, detailing how and when any taxes payable directly by you should be paid.

## Interest paid to you at the end of savings period

### 1.7. Will I have to pay tax on the interest I receive on my savings?

Yes, any interest that you receive on your savings will be subject to income tax. Any French taxes (income tax, social surtaxes and additional fixed levy) due on the interest received should be paid through your annual tax return (see further information under section 1.3 and 2.1).

## 2. Reporting requirements

### 2.1 Do I have any reporting requirements?

You are required to report all taxable amounts in your annual income tax return for the year in which the relevant taxable event takes place. Once you have exercised your options, your employer should provide you with an option exercise certificate (which will include details relating to the exercise gain) by 1 March following the year of exercise. You may be asked by the French tax authorities to provide a copy of this exercise certificate and you should therefore keep it in your records.

Your annual tax return is normally due to be filed with the French tax authorities between mid-May and mid-June following the end of the tax year in which the taxable event occurred (the exact due date varies depending on the relevant tax year).

You are also required to report the following on Form 3916:

- any cash you hold in a savings account outside of France (including savings held in relation to the Plan in Jersey); and
- any Experian shares you hold following exercise in a share account outside of France.

This form should be filed with the French tax authorities by the same filing date that is applicable to your annual tax return.

## Share options

You are required to report any taxable amounts at both exercise (i.e. the excess discounted portion) and sale (i.e. the option gain at exercise and any capital gain). Your employer is required to withhold the social security contributions payable on the excess discounted portion at exercise.

You should report any income tax and additional fixed levy (if applicable) due on your taxable income at exercise and sale via your annual tax return, and pay any liability directly to the tax authorities. Social surtaxes payable on your capital gain should be settled by you on your annual tax return.

You will receive a tax assessment notice from the tax authorities, detailing how and when any taxes payable directly by you should be paid.

## Interest paid to you at the end of savings period

Any French taxes (income tax, social surtaxes and additional fixed levy) due on the interest received should be paid through your annual tax return.

However, you will be required to pay an advance tax instalment at a flat rate of 30% (inclusive of income tax and social surtaxes) directly to the tax authorities by the 15th of the month following receipt of any interest.

Any taxes paid in the month following receipt can be deducted from your final tax liability when you settle your annual tax return. Additionally, through your French tax return, you have the ability to opt out of the 'flat rate' taxation on your investment income (including any interest) and request the application of progressive tax rates if these are more favourable.

You will receive a tax assessment notice from the tax authorities, detailing how and when any taxes payable directly by you should be paid.

## Foreign Assets Reporting

Any Experian shares you hold in a share account outside of France should be reported on Form 3916. This form should be filed with the French tax authorities by the same filing date that is applicable to your annual tax return.

# Appendix 1 – Worked Example

The following worked example illustrates how the share options gains should be calculated, as well as the practical implications of (1) selling the shares on exercise and (2) retaining the shares after exercise.

This example does not consider any interest paid to you at the end of the savings period.

Example of income tax on excess discounted portion:	
<ul style="list-style-type: none"> <li>Share options were granted with an exercise price of £15;</li> <li>The market value of these shares at date of grant was £18;</li> <li>The value of Experian's shares at the time of exercise is £25;</li> <li>You exercise options over 100 shares (using your savings under the plan);</li> <li>You choose to keep your shares;</li> <li>Maximum tax rates apply.</li> </ul>	
<b>Gain per share on exercise</b>	<b>£10</b>
(£25 sales price - £15 exercise price)	
<b>Total gain realised on exercise</b>	<b>£210.06</b>
(100 shares x £2.1 "excess discounted portion" per share)	
Your employer will communicate this to you.	
<b>Income tax payable</b> (£170.88*43%)**	<b>£73.48***</b>
<b>Social tax payable</b> (£210.06x 21.55%)	<b>£45.27</b>
Should have been withheld by your employer.	
<b>Net proceeds***</b> (100 x £25) – £73.48 - £45.27	<b>£2,381.25</b>
***without considering any brokerage costs	

\*On the basis that the average share price of an Experian share for the 20 dealing days preceding the grant date was £18 and the exercise price is £15, a discount of 16.67% is given. As the discount exceeds 5%, income tax would be due on the "excess discounted portion" of £2.1 (i.e. £18 x 11.67%) per share.

\*\*The above example assumes that the participant is subject to income tax withholding at 43%.

\*\*\* Employee social tax at 18.65% is deductible for income tax purposes. This is £39.18 (£210.06x 18.65%) in this example. Therefore the taxable amount is £170.88 (£210.06 - £39.18)

## Exercise and Keep

If you choose to exercise your options and keep your shares, you will have an income tax and social security liability on the excess discounted portion of your award (i.e. on £210.06 in the above example). Note that the social tax due on the excess discounted portion of your option gain at exercise will be withheld by your employer, however any income tax due should be settled by you via your annual tax return.

When you ultimately dispose of the shares in the future, a capital gains tax (CGT) liability may arise. Your base cost, using the above example, for CGT purposes would be the amount you have paid income tax on (£210.06) plus the exercise price paid (£1,500) plus any cost of sale.

The mechanics of paying the tax due to the tax authorities may vary depending on whether you sell your shares on exercise or decide to retain them, as follows.

### **1: You choose to sell your shares at exercise**

By selling shares, you become entitled to receive sales proceeds (less any selling costs) on exercise. In practice, your employer will pay to you the net proceeds (after social tax been deducted) via payroll. However, you are responsible for paying the income tax due. The payment of sale proceeds to you through the local payroll should not impact the tax treatment described above.

### **2: You choose to retain the shares after exercise**

If you decide to keep your shares, no sales proceeds will be payable to you at the time of exercise. However, your social tax obligation due on exercise should be withheld by your employer.

In order to satisfy your tax liability (and your employer's withholding requirements on exercise), your employer may:

- a) Withhold taxes from other payments due to the you in the same period e.g. your salary (such that your salary would be less than usual or no salary may be payable after the deduction of income tax); or
- b) Ask you to cover the taxes due from your own funds (i.e. you would pay the company an amount equal to your tax liability, and then they company would remit the taxes due to the tax authorities); or
- c) Ask you to sell enough of your shares as to cover the tax liability by way of sale proceeds.